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DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

MEMORANDUM FOR R. RICHARD NEWCOMB, DIRECTOR  
OFFICE OF FOREIGN ASSETS CONTROL

THROUGH: BETSY SUE SCOTT *BS 8/6/01*  
Chief, Civil Penalties

FROM: [REDACTED] b7c  
Intern, Civil Penalties

SUBJECT: PROPOSED SETTLEMENT BY HSBC BANK USA  
FOR ALL CURRENTLY OUTSTANDING OFAC CIVIL PENALTIES

DATE: August 6, 2001

HSBC Bank USA ("HSBC") has offered to settle all of its currently outstanding civil penalty violations in one global settlement.

Violations: The first violation stems from HSBC processing a funds transfer referencing a Cuban Specially Designated National ("SDN") vessel. The second violation concerns HSBC's processing of two funds transfers initiated by [REDACTED] a SDN of Iraq. The third violation, HSBC self-disclosed the processing of a funds transfer intended for a Libyan SDN. The fourth violation is the processing of a commercial payment destined for Khartoum, Sudan.

Date of Violation	Amount	Program	Proposed CMP	Counter Offer	Date PPN Issued
07/30/98	\$14,380.00	Sudan	[REDACTED]	[REDACTED]	Not issued
03/23/00	\$539,377.21	Cuba			Not issued
05/21/00 & 05/24/00	\$500,407.40 & \$10,922.02	Iraq			Not issued
08/18/00	\$31,434.51	Libya			Not issued
		Total		\$163,314.90	

Settlement Offer: [REDACTED]

Mitigating factor(s)/Other Administrative Considerations:

[REDACTED]

[REDACTED]

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*OK/PR  
9/24/01*

[REDACTED]

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**AP: Saddam-Linked Banks Given Business**  
**By MATT KELLEY**  
**The Associated Press**

WASHINGTON - The U.S.-led postwar government in Iraq awarded business to two multinational banks fined for violating U.S. sanctions against Iraq during the regime of ousted dictator Saddam Hussein, records show.

The U.S.-appointed interim Iraqi government awarded one of the first foreign banking licenses in Iraq to British bank HSBC - the only firm fined twice for transactions with Saddam's Iraq by the U.S. Treasury Department.

A CIA report last month said Saddam's regime also stashed illicit oil profits in accounts at an HSBC branch in Jordan. And an Iraqi bank under Saddam was one of five investors in a London bank controlled by HSBC. The deal gave one of Saddam's bankers a seat on the board of directors of the British Arab Commercial Bank until last year.

Treasury document incriminating HSBC found at following:  
<http://wid.ap.org/documents/iraq/hsbc.pdf>